

## REMARKS

Claims 1-31 and 35-103 remain pending in the application. Claims 1-31 and 35-103 have been rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,970,479 to Shepherd (“Shepherd”) in view of U.S. Patent Application Publication No. US 2002/0042770 A1 to Van Slyke et al. (“Van Slyke”). Applicants respectfully traverse the rejection.

Claims 1-30, 35-56 and 59-103 have been amended to more particularly point out and distinctly claim Applicants’ invention. Claims 104-126 are new. These changes do not introduce any new matter. In view of the foregoing amendments and the following remarks, this application is considered to be in condition for allowance.

### Rejections under 35 U.S.C. § 103(a)

In the October 2, 2006 Non-Final Office Action (“Office Action”), the Examiner withdrew the rejection of claims 36-38 under 35 U.S.C. § 102(e) and the rejection of claims 1-31, 35, 39-103 under 35 U.S.C. § 103(a). This withdrawal was on the grounds that “[t]he [E]xaminer agree[d] with the applicant[s] that Shepherd does not explicitly disclose the use of contract bundles...” Still, the Examiner performed another search in connection with the Office Action and “identified the Slyke reference as disclosing the use of bundled contracts for risk-management purposes.” Accordingly, the Examiner rejected claims 1-31 and 35-103 under 35 U.S.C. § 103(a) as being unpatentable over Shepherd in view of Van Slyke. Applicants respectfully traverse the rejection.

### **I. Van Slyke Does Not Teach or Suggest Establishing A Plurality of Separate Contracts Within Contract Bundles, Each Contract Bundle Paying an Aggregate Fixed Sum at Maturity and Wherein Each Contract Bundle Comprises at Least Two Separate Contracts.**

The Examiner has failed to establish the prima facie obviousness of claims 1-31 and 70-103 pursuant to MPEP § 2143.03, because Van Slyke does not teach or suggest Applicants’ claimed method of establishing a plurality of separate contracts within contract bundles, each contract bundle paying an aggregate fixed sum at maturity and

wherein each contract bundle comprises at least two separate contracts. Consequently, the Examiner's rejection of claims 1-31 and 70-103 should be withdrawn.

Pursuant to MPEP §2143.03, "[t]o establish prima facie obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. All words in a claim must be considered in judging the patentability of that claim against the prior art. If an independent claim is nonobvious under 35 U.S.C. 103(a), then any claim depending therefrom is nonobvious." (Internal citations omitted) (emphasis added). In the present case, the Examiner has failed to establish a prima facie case of obviousness, because all of the claim limitations are not taught nor suggested by the prior art.

Van Slyke does not teach or suggest a contract bundle paying an aggregate fixed sum at maturity that may be determined at the time of issuance. Even if Van Slyke's Liquid Insurance Contracts ("LIC") are bundled, they are not similar to Applicants' bundled contracts. Van Slyke's abstract expressly states that (emphasis added): "A liquid insurance contract (LIC) comprises a security which is traded or tradable and which has cash flows to the issuer based upon a liability whose exact value is unknown at the time of issuance." By definition, if Applicants taught Van Slyke's bundle of separate contracts whose exact value was unknown at the time of issuance, the contract bundle would pay an aggregate variable sum at maturity. Indeed, Applicants claim a contract bundle paying an aggregate fixed sum at maturity that may be determined at the time of issuance. For example, Applicants teach "an event contract may pay off either \$10 or \$0 depending on the outcome of a specified event. If a particular criteria is met (i.e. a particular outcome occurs), then the claim pays off \$10." Application Paragraph No. 0055. Thus, one contract in Applicants' exemplary contract bundle is for the occurrence of the event and the other contract in the exemplary contract bundle is for the non-occurrence of the event. Accordingly, Applicants teach that an aggregate fixed sum at maturity of  $\$0 + \$10 = \$10$  may be determined at the time of issuance, based upon identification and summation of the underlying separate contracts. Consequently, Van Slyke's LICs are not similar to Applicants' separate contracts.

The Examiner asserts that Van Slyke Paragraph Nos. 268-269 teach Applicants' contract bundles. Respectfully, the Examiner is mistaken.

Van Slyke Paragraph Nos. 268-269 state (emphasis added):

XVI. Creating One or More Derivatives from Multiple Existing LICs--  
FIG. 16

It is also possible to create derivatives from multiple existing LICs. Some examples include: bundling many LICs to create a portfolio LIC, such as a Nationwide Auto Insurance LIC which bundles LICs from many different issuers; bundling LICs to reduce the risk of either or both, such as bundling an LIC with an option to limit the exposure to loss and/or collateral requirements; and bundling an LIC with another type of contract, such as bundling an LIC with a currency exchange contract in order to reduce the risk to underwriters who have other investments in foreign currencies.

Thus, Van Slyke teaches an optional step of “creat[ing] derivatives from multiple existing LICs.” Van Slyke therefore bundles existing LICs after the LICs are issued or established in an unbundled form. In contrast, Applicants’ claimed separate contracts are established in bundled form. Accordingly, because Van Slyke optionally bundles existing LICs after the LICs are issued or established, Van Slyke is not establishing a contract bundle until after the underlying LICs have already been issued. Given this fact, it follows that Van Slyke does not teach or suggest establishing a contract bundle paying an aggregate fixed sum at maturity that is known at the time of issuance, because determination of an aggregate fixed sum at maturity requires by definition the identification of the parts forming the aggregate sum. Van Slyke’s parts forming the aggregate sum are unidentified at the time of issuance or establishment of a LIC. Indeed, Van Slyke’s parts forming the aggregate sum are identified (if at all) after the underlying LICs have already been established and optionally bundled.

Pursuant to MPEP § 2143.03, “[t]o establish prima facie obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. All words in a claim must be considered in judging the patentability of that claim against the prior art.” (Internal citations omitted) (emphasis added). Consequently, the Examiner has failed to establish the prima facie obviousness of claims 1-31 and 70-103, because all of Applicants’ claimed limitations are not taught or suggested by Van Slyke.

**II. Claims 41-69 are Improperly Rejected under 35 U.S.C. § 103 as Being Unpatentable over Shepherd in View of the Purported and Unsubstantiated Knowledge of One of Ordinary Skill in the Art.**

There is no basis to support a rejection of Applicants' claims 41-69 under 35 U.S.C. §103. Although the Examiner has summarily rejected claims 1-31 and 35-103 under 35 U.S.C. § 103(a) as being unpatentable over Shepherd in view of Van Slyke, claims 41-69 are with respect to coupons -- not contract bundles. Thus, the Van Slyke reference is essentially meaningless to the Examiner's rejection of claims 41-69. Accordingly, the only basis in which the Examiner may attempt to reject claims 41-69 is based on Shepherd in view of the purported and unsubstantiated knowledge of one of ordinary skill in the art. Such a rejection is improper.

In the Office Action, the Examiner contends that the Applicants "must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art." Further, the Examiner argues that "since the applicant has not adequately traversed the rejections, the examiner [may] indicate[] that the common knowledge or well known in the art statement is taken to be admitted prior art." Respectfully, the Examiner is mistaken as to the appropriate legal standard.

In the February 2003 revision to the 8th edition of the MPEP, a change was made to section 2144.03 of the MPEP. This change, in essence, allows the USPTO to shift the burden of proof, in some cases, to the Applicants without properly establishing a prima facie case of unpatentability with the required objective evidence. Interestingly, included in the revised section is the flawed explanation for the USPTO's revised interpretation. The USPTO reasons that (1) the Supreme Court's decision in Dickinson v. Zurko, 527 U.S. 150, 50 USPQ2d 1930 (1999), holding that the Court of Appeals for the Federal Circuit (Federal Circuit) must apply one of the review standards set forth in the Administrative Procedure Act (APA) and (2) the Federal Circuit's adoption of the APA's substantial evidence test in accordance therewith, reduces the evidentiary requirement for proving a prima facie case of unpatentability. More particularly, the MPEP now states that in some cases, an Examiner may shift to the Applicants the burden to prove patentability through the administrative device of official notice, without first

establishing a prima facie case of unpatentability with objective evidence. This interpretation clearly flies in the face of current, long-standing, controlling Supreme Court precedent, see, e.g., Zurko, 258 F.3d at 1386, 59 USPQ2d at 1697 (holding that general conclusions concerning what is "basic knowledge" or "common sense" to one of ordinary skill in the art without specific factual findings and some concrete evidence in the record to support these findings will not support an obviousness rejection). Additionally, pursuant to MPEP §2144.03A, "[i]t is never appropriate to rely solely on 'common knowledge' in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based." (Internal citations omitted) (emphasis added). In the present case, the Examiner has not furnished any evidentiary support.

Moreover, even if the Examiner was to provide "Official Notice" of those unsupported assertions representing the Examiner's personal opinion, under MPEP § 2144.03, "[o]fficial notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known." Additionally, "[a]s noted by the court in In re Ahlert, the notice of facts beyond the record which may be taken by the examiner must be 'capable of such instant and unquestionable demonstration as to defy dispute.'" (Emphasis added).

In the present case, the Examiner's personal opinion has been used to improperly reject claims 41-69. Specifically, the Examiner has stated that the following were well known in the relevant art when the present application was filed:

1. Method of conducting business claims (claims 41-46);
2. Adding coupon features (claims 41-46);
3. Expiration date of a coupon is the last possible time to redeem said coupon for the value offered (claim 47);
4. For coupons to be redeemed through a web based interface (claims 48, 50, and 52);
5. The purpose of coupons from a buyer's standpoint is to offer greater flexibility for receiving the product or service offered (claim 49);
6. Accepting coupons for settlement on demand in pre-designed maturity period (claim 51);

7. Further method of conducting business claims would have been obvious from method claims 10-19, 26 and 39 respectively (claims 53-64);
8. Adding coupon feature to the disclosure of Shepherd (claims 53-64);
9. Further computer network claims (claim 65);
10. Including means to interface with a point of sale terminal (claim 66);
11. The step comprising at least one point of sale terminal communicatingly connected to means for interfacing with a point of sale terminal (claim 67);
12. The step comprising means for allowing a computer network user to view information about coupons for sale on a trading system (claim 68); and
13. Means for allowing only predetermined computer network users to view information about coupons for sale (claim 69).

Documentary evidence is required. The Examiner respectfully has failed to satisfy this burden and the rejections of claims 41-69 under 35 U.S.C. §103 should be withdrawn. Applicants further disagree that one of ordinary skill in the art at the time the invention was made would have been motivated to modify Shepherd in view of the “facts” recited as the Examiner’s personal opinions.

### **III. It Would Not Have Been Obvious to Add Applicants’ Coupon for a Prespecified Item of Value to the Disclosure of Shepherd.**

Applicants’ claim 41 recites “coupons, each coupon for a prespecified item of value.” The Examiner has rejected claim 41 under 35 U.S.C. §103 on the grounds that “it would have been obvious to anyone skilled in the ordinary art at the time of the invention to add the coupon feature to the disclosure of Shepherd since Shepherd deals with the broad term of risk management contracts, which encompasses both futures contracts as well as coupons.” Respectfully, the Examiner is mistaken.

Shepherd Column 3, line 29 - Column 4, line 29 states (emphasis added):

The invention encompasses methods and apparatus enabling the management of risk relating to specified, yet unknown, future events by enabling entities (parties) to reduce their exposure to specified risks by constructing compensatory claim contract orders on yet-to-be-identified counter-parties, being contingent on the occurrence of the specified future events. The entities submit such orders to a `system` which seeks to price

and match the most appropriate counter-party, whereupon matched contracts are appropriately processed through to their maturity.

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The ability to price and match risk aversion contracts essentially comes about because of the nature of risk itself. Any number of people will each have differing views as to the likelihood of an outcome of some future event. This means that when each person is required to independently assess a range of outcomes for a specified future date, there almost always will be a variance in those assessments. **Thus it is possible to match these expectations as between parties to form a contract.** The potential **counter-parties** to an offered contract have the motivation of taking up an opportunity to exploit differing views of future outcomes to their advantage, either for some gain or, again, as a form of risk management.

Applicants claim a coupon for a prespecified item of value. For example, “[e]ach Holiday Inn hotel would sell its own series of coupons. Each coupon would entitle the holder to a one-night stay in that Holiday Inn on a specific date.” Application Paragraph No. 0280. One of ordinary skill in the art at the time the invention was made would not be motivated to add Applicants’ coupon for a prespecified item of value to the disclosure of Shepherd, because, among other things, Applicants’ coupons may be issued without the matching of expectations as between parties to form a contract. For example, Holiday Inn may decide that every coupon for a one-night stay at that Holliday Inn on a specific date may cost \$25.00 on a take-it or leave-it basis. Because Shepherd matches the expectations as between parties to form a contract, there is no suggestion or motivation to add Applicants’ coupon to Shepherd.

Additionally, the abstract in Shepherd expressly states that (emphasis added): “[e]ach offered contract is priced by calculating counter-party premiums from the registered data, and a match attempted by a comparison of the offered premium with the calculated premiums. Matched contracts can be further traded until maturity, and at-maturity processing handles the exchange of entitlement as between the matched parties to the contract.” Thus, Shepherd only teaches matching individual contracts, one at a time. Accordingly, there is again no motivation or suggestion anywhere in Shepherd that the system may be used to deal with coupons for prespecified items of value. Consequently, the Examiner

has failed to establish the prima facie obviousness of claims 41-69, and the rejections should be withdrawn.



## CONCLUSION

Based on the foregoing remarks, Applicants believe that the rejections in the Office Action of October 2, 2006 are fully overcome, and that the application is in condition for allowance. If the Examiner has questions regarding the case, the Examiner is invited to contact Applicants' undersigned representative at the number given below.

Respectfully submitted,  
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